

Agenda of June 28, 2006

Item No. 10.G.3

Proposed Contract No. CM-2014

Amount: \$13,486,655.00

TO: The Honorable
Board of Water Commissioners
City of Detroit, Michigan

FROM: (b)(6), (b)(7)(C) Director
Water and Sewerage Department

DATE: June 28, 2006

RE: **Proposed DWSD Contract No. CM-2014**
"Construction Management and Construction Services for Water System
Improvements – Various Streets throughout the City of Detroit)"
Lakeshore Engineering Services, Inc. (Contractor)

I. Motion:

Upon recommendation of (b)(6), (b)(7)(C) Assistant Director of Engineering Services, the Board of Water Commissioners authorizes the Director to enter into a contract with Lakeshore Engineering Services, Inc. for Contract No. CM-2014, "Construction Management and Construction Services for Water System Improvements – Various Streets throughout the City of Detroit), in the amount of \$13,486,655.00, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

II. Justification:

This water main replacement contract is one of a continuing series of contracts that replace the aged water mains in the City of Detroit having an extensive history of leaks and breaks. The new water mains and associated infrastructure will enhance the integrity of the Detroit Water and Sewerage Department's (DWSD) water system and ensure quality service to its customers.

In the past DWSD advertised water system contracts for replacing approximately 15,000 linear feet of water main under each contract. Generally it takes 6 to 9 months for a contract to get to the award stage. To expedite the construction for the replacement of existing old water mains in the City of Detroit and achieve the targeted replacement footage of approximately 100,000 feet per year, a Construction Manager (CM) contract

was developed which covers 50,000 linear feet of the existing 8-inch through 24-inch water mains that are old and require frequent maintenance. The CM will work seamlessly with the staff of DWSD, while interfacing with other project stakeholders such as designers and contractors. The CM also monitors day-to-day activities, quality control, securing permits from other agencies, preparing "as-built" drawings, field book etc. and manages the construction activities to ensure that all of the required mains are installed in accordance with DWSD standards.

III. Objective:

The purpose of this project is to furnish and install approximately 50,000 feet of 8-inch through 24-inch water main and related appurtenances including restoration, along with all required construction management services.

IV. Project Costs:

Construction Management Services	\$2,690,724.00
Construction Services	9,775,931.00
Permit Fees Allowance	20,000.00
Provisional Allowance – Relocation of Existing Utilities	250,000.00
Provisional Allowance – Hazardous Material	250,000.00
Contingency	<u>500,000.00</u>
Total Contract Amount	\$13,486,655.00

V. Project Management Status:

A. Start Work Date:	To be established contingent upon Detroit City Council approval
B. Final Completion Date:	1125 Calendar Days following the Start Work Date
C. Total Contract Cost	\$13,486,655.00

This recommendation was considered by the Board of Water Commissioners and action taken as noted below.

BOARD OF WATER COMMISSIONERS:

ACTION: _____ **DATE:** _____

BY: _____
(b)(6), (b) (7)(C) Director

Background

On March 23, 2006, the Contracts and Grants Division of the Detroit Water and Sewerage Department (DWSD) received seven (7) proposals for the cited project. Proposals were received from Visions\ECM (JV), EBI-Detroit, Superior Engineering, Jenkins Walbridge (JV), Lakeshore Engineering, Inland Waters Pollution Control, and Detroit Program Management Team (JV).

This memorandum presents the summary of the evaluation process for the seven (7) proposals. Each member of the Evaluation Committee independently reviewed and scored the proposals in accordance with the policy of the Department. The possible range of scores was from 0 to 4000 points. The proposers were ranked as follows:

<u>FIRM</u>	<u>SCORE</u>	<u>PROPOSED COST</u>
Detroit Program Mgt. Team (JV)	3766.96	\$14,208,811.00
Lakeshore Engineering	3718.24	\$13,603,089.00
Superior Engineering	3706.40	\$11,966,001.50
Jenkins Walbridge (JV)	3671.40	\$13,367,065.00
EBI-Detroit	3575.12	\$11,445,014.82
Inland Waters Pollution Controls	3481.40	\$15,000,654.02
Visions Consultants\ECM (JV)	1739.76	\$10,413,279.85

The following table indicates the firm's score in each category:

FIRM	ABILITY TO PERFORM	STAFF EXPERIENCE	WORK PLAN	LOCAL ECONOMIC DEVELOPMENT	COST	TOTAL
Detroit Program Management Team (JV)	346	179	760	1396.08	1085.88	3766.96
Lakeshore Engineering	398	196	790	1200.00	1134.24	3718.24
Superior Engineering	378	196	730	1285.88	1116.72	3706.60
Jenkins Walbridge JV	327	173	620	1397.24	1154.16	3671.40
EBI-Detroit	296	161	650	1400.00	1068.12	3575.12
Inland Waters Pollution Control	362	188	740	1162.88	1028.52	3481.4
Visions Consultants/ECM	125	63	380	200	971.76	1739.76
Maximum Points	400	200	800	1400	1200	4000

Contracts and Grants computed the cost points by using an Average Cost Method where the total of all proposals is divided by the number of proposals to obtain an average cost/dollar amount. Each cost proposal is then compared to the average generating the number of points for the costing category. The theory behind this is to reward the proposers who are closest to the average and penalize the proposers who are either too high or too low. This method was selected on this particular project because the cost proposals had a very large range of prices from \$10,413,279.85 to \$15,000,654.02. The Standard Method of cost comparison is to compare each proposal to the lowest cost proposal generating the number of points for the costing category. Since there is such a large disparity between the cost proposals in this case it would unjustly reward proposers with an extremely low cost proposal that may have marginal or lower points for the Ability to Perform, Staff Experience, and Work Plan. Which would indicate a likelihood of having change orders due to a potential for misunderstanding of the technical requirements of the project.

The Engineer's Estimate for CM-2014 is \$10,700,000.00. The highest scoring proposer, Detroit Program Management Team's cost is \$14,208,811.00 (~32.7% above the Engineer's Estimate), while the second highest scoring proposer, Lakeshore Engineering's cost is \$13,603,089.00 (~27.1% above the Engineer's Estimate). Lakeshore Engineering's negotiated cost is \$13,486,655.00, which results in a savings of \$ 116,434.00

It is recommended that Lakeshore Engineering, the second highest-ranking proposer be named as the contractor for award of this Contract. The highest ranked proposer, Detroit Program Management Team has already been recommended as the contractor for award on CM-2015. To utilize the same contractor on both contracts that will be running simultaneously would not be efficient and effective for DWSD. Eighty five percent (85%) of the work performed under this contract will be performed by Detroit-Headquartered and/or Detroit-Based Businesses as follows: Lakeshore Engineering 5%, Willie McCormick & Associates 35%, L. D'Agostini & Sons 20%, A & H Contractors, Inc. 20%, Sigma Associates, Inc. 1%, Spalding DeDecker & Associates 2%, Somat Engineering, Inc. 1%, and Community Development Services, Inc. 1%. Sixty three percent (63%) of the work performed will be performed by Minority/Woman's Business Enterprises as follows: Lakeshore Engineering 5%, Willie McCormick & Associates 35%, A & H Contractors, Inc. 20%, Sigma Associates, Inc. 1%, Somat Engineering, Inc. 1%, and Community Development Services, Inc. 1%.